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## MILK MARKET INFORMATION

CHATTANOOGA, TENNESSEE, MARKETING AREA

JUN 1 1963

Volume 7

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Federal Order No. 90, 5916 Brainerd Road, Chattanooga 11, Tennessee  
J. B. McCroskey, Market Administrator

CURRENT SERIAL RECORDS

MARKET SUMMARY JUNE 1963

The Chattanooga Order MINIMUM uniform producer prices per cwt. f.o.b. pool plants for milk testing 3.5% are: Base Milk \$4.29, Excess Milk \$2.62. The butterfat differential is 7.2 cents for each one-tenth of one percent above or below 3.5%.

During June 70.9% of the total producer milk was priced in Class I at \$4.82 per cwt. with a butterfat differential of 7.5 cents and 29.1% priced in Class II at \$2.66 per cwt. with a butterfat differential of 6.7 cents. The percent of producer skim and butterfat priced in Class I was 71.3% and 61.5% respectively. Base milk was 92.3% and excess milk was 7.7% of the total producer deliveries. All excess milk and 23.2% of base milk was priced in Class II and 76.8% of base milk was priced in Class I.

The daily average deliveries of producer milk during June decreased 4.5% compared with May and increased 10.3% compared with June 1962. The daily average use of Class I milk decreased 8.9% compared with May and increased 9.4% compared with June 1962. The daily average base delivered was 89.9% of the established base.

MILK SAMPLES TESTED - Producer Fresh Samples 5,807 - Handler Finished Products 205.

For the month of June 1963, the percentage of Class I unit sales of milk by items were: Milk - 79.71%, Skim - 4.97%, Buttermilk - 11.66%, Flavored Milk & Drink - 2.98%, and Creams (Sweet & Sour) - 0.68%.

The average reported butterfat tests of handlers' Class I packaged products for June 1963 were: Milk - 3.92%, Special Skim - 2.39%, Regular Skim - 0.44%, Buttermilk - 0.36%, Flavored Milk - 3.48%, Flavored Drink - 2.00%, Cream Mixture ( $\frac{1}{2}$  &  $\frac{1}{2}$ ) - 11.93%, Light Cream - 23.04%, Heavy Cream - 36.65%, and Sour Cream - 18.84%.

An analysis of total Class I milk disposition by Chattanooga Area pool plants and "in area" disposition by non-pool plants is shown below. All percentages are based on reported Class I disposition for the month of May of each year.

PERCENTAGE CLASS I BY TYPE OF CONTAINER AND METHOD OF DISTRIBUTION

|                    | 1958  | 1959  | 1960  | 1961  | 1962  | 1963  |
|--------------------|-------|-------|-------|-------|-------|-------|
| Paper              | 70.7% | 73.3% | 73.3% | 71.9% | 73.8% | 78.3% |
| Glass & Dispenser  | 29.3% | 26.7% | 26.7% | 28.1% | 26.2% | 21.7% |
| Wholesale <u>1</u> | 76.9% | 78.0% | 78.7% | 81.5% | 87.0% | 88.0% |
| Retail <u>2</u>    | 23.1% | 22.0% | 21.3% | 18.5% | 13.0% | 12.0% |

1/ Includes sales to distributors who may have both retail and wholesale routes.

2/ Represents home delivery by packaging plants only.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

|                                                 | <u>June '63</u> | <u>May '63</u> | <u>June '62</u> |
|-------------------------------------------------|-----------------|----------------|-----------------|
| Number of Plants (Pool and Non-Pool)            | 16              | 16             | 14              |
| <u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>    |                 |                |                 |
| Producer Deliveries - Base                      | 494,678         | 517,411        | 437,132         |
| - Excess                                        | 41,411          | 43,704         | 48,933          |
| - Total                                         | 536,089         | 561,115        | 486,065         |
| % June '63 compared with:                       | 100.0           | 95.5           | 110.3           |
| Other Source                                    | 17,266          | 16,015         | 11,991          |
| Other Order                                     | 33,860          | 31,087         | 12,099          |
| Total Milk Receipts                             | 587,215         | 608,217        | 510,155         |
| % June '63 compared with:                       | 100.0           | 96.5           | 115.1           |
| <u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u> |                 |                |                 |
| Class I Uses:                                   |                 |                |                 |
| Fluid Milk                                      | 306,565         | 342,899        | 287,438         |
| Fluid Skim                                      | 19,126          | 19,845         | 14,655          |
| Buttermilk                                      | 44,839          | 44,795         | 40,122          |
| Flavored Milk and Drink                         | 11,464          | 11,554         | 9,059           |
| Fluid Creams (Sweet & Sour)                     | 2,614           | 3,118          | 2,565           |
| Bulk to Non-Handlers                            | 767             | 1,526          | -               |
| Shrinkage Class I                               | 1,747           | 1,791          | 921             |
| Other                                           | (373)           | (798)          | (1,175)         |
| Total Class I Milk                              | 386,749         | 424,730        | 353,585         |
| % June '63 compared with:                       | 100.0           | 91.1           | 109.4           |
| Class II Uses:                                  |                 |                |                 |
| Butter                                          | 6,394           | 6,660          | 951             |
| Cottage Cheese                                  | 18,053          | 20,316         | 18,740          |
| Powdered and Condensed Milk                     | 103,308         | 98,724         | 82,475          |
| Ice Cream                                       | 57,561          | 48,053         | 50,664          |
| Stockfeed                                       | 4,304           | 4,871          | 4,846           |
| Shrinkage Class II                              | 7,991           | 9,201          | 6,161           |
| Other                                           | 2,855           | (4,338)        | (7,267)         |
| Total Class II Milk                             | 200,466         | 183,487        | 156,570         |
| % June '63 compared with:                       | 100.0           | 109.3          | 128.0           |
| Gross Class I Butterfat Pounds                  | 13,323          | 15,025         | 12,244          |
| Gross Class II Butterfat Pounds                 | 9,517           | 8,759          | 8,059           |
| Total Butterfat Pounds                          | 22,840          | 23,784         | 20,303          |
| % Producer Milk of Gross Class I                | 138.6           | 132.1          | 137.5           |
| % Producer Milk priced in Class I               | 70.9            | 74.6           | 71.9            |

JULY 1963 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

|                                                                      | <u>July '63</u> | <u>June '63</u> | <u>July '62</u> |
|----------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Basic Formula                                                        | \$3.08          | \$3.07          | \$3.005         |
| Plus Class I Differential                                            | 1.75            | 1.75            | 1.75            |
| Supply-Demand Adjustment                                             | 0.00            | 0.00            | (0.10)          |
| Class I Price, 3.5% Butterfat                                        | \$4.83          | \$4.82          | \$4.655         |
| Per \$ 1090.51 (a)                                                   |                 |                 |                 |
| Supply-Demand Comparison: 1st and 2nd preceding months: May and June |                 |                 |                 |
| Supply: Lbs. Producer Milk (May 17,394,556 and June 16,082,676)      |                 |                 | 33,477,232      |
| Demand: Lbs. Net Class I Milk (May 13,002,180 and June 11,425,208)   |                 |                 | 24,427,388      |
| Utilization Percentage: Producer milk divided by Class I             |                 |                 | 137             |
| Standard Utilization Percentage: Range 134-138                       |                 |                 | 137             |
| Net Deviation Percentage: Utilization minus Standard Utilization     |                 |                 | -0-             |
| Supply-Demand Adjustment: 2 cents x 0 percentage points              |                 |                 | \$0.00          |

The price is not adjusted by the supply-demand formula, since the supply in relation to the demand is within the standard utilization range of 134-138.



## COMPUTATION OF UNIFORM PRODUCER PRICES FOR JUNE 1963

Based on 15 plant reports prior to audit (One plant excluded per \$1090.72(a))

|                                                 | Class<br>% | Milk<br>Pounds | Butterfat<br>Test-% | Cwt.Price<br>@ Test | Value        |
|-------------------------------------------------|------------|----------------|---------------------|---------------------|--------------|
| Gross Class I                                   |            | 11,111,826     | 3.440               |                     |              |
| Less Other Source                               |            | 198,905        | 2.485               |                     |              |
| Producer Milk Class I                           | 70.1       | 10,912,921     | 3.457021            | \$4.787766          | \$522,485.12 |
| Gross Class II                                  |            | 5,955,663      | 4.733               |                     |              |
| Less Other Source                               |            | 1,305,182      | 2.931               |                     |              |
| Producer Milk Class II                          | 29.9       | 4,650,481      | 5.238125            | 3.824544            | 177,859.69   |
| TOTAL PROD. (Cl. I + Cl. II)                    | 100.0      | 15,563,402     | 3.989231            |                     | 700,344.81   |
| Add Fractional Adjustment                       |            |                |                     |                     | .05          |
| Add Compensatory Payment Value                  |            |                |                     |                     | 365.68       |
| Add Inventory Reclassification Value            |            |                |                     |                     | 72.74        |
| Add $\frac{1}{2}$ Prod.-Settlement Fund Reserve |            |                |                     |                     | 9,309.11     |
| TOTAL VALUE AT TEST                             |            | 15,563,402     | 3.989231            |                     | 710,092.39   |
| Less Test Over 3.5% @ 7.2¢ per point            |            | 15,563,402     | .489231             | 0.352246            | 54,821.46    |
| TOTAL PRODUCER MILK VALUE AT 3.5% TEST          |            | 15,563,402     | 3.5                 |                     | 655,270.93   |
|                                                 |            | Pounds         | Price 3.5%          | Amount              |              |
| Excess Producer Milk - Class I                  |            | -              | -                   | -                   |              |
| Excess Producer Milk - Class II                 |            | 1,198,076      | \$2.66              | \$31,868.82         |              |
| Total Excess Producer Milk                      |            | 1,198,076      | 2.66                | 31,868.82           |              |
| Less Prod.-Settlement Fund Res. @ 4¢            |            | 1,198,076      | .04                 |                     | 479.23       |
| UNIFORM EXCESS PRICE f.o.b. PLANT - 3.5%        |            | 1,198,076      | 2.62                |                     | 31,389.59    |
| Value of Base Milk (Total less Excess)          |            | 14,365,326     | 4.339631            |                     | 623,402.11   |
| Less Producer-Settlement Fund Reserve           |            | 14,365,326     | .049631             |                     | 7,129.65     |
| UNIFORM BASE PRICE f.o.b. PLANT - 3.5%          |            | 14,365,326     | \$4.29              |                     | \$616,272.46 |

JUNE 1963. MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)  
 BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

| TEST<br>% | PRICES |        | TEST<br>% | PRICES |        | TEST<br>% | PRICES |        |
|-----------|--------|--------|-----------|--------|--------|-----------|--------|--------|
|           | BASE   | EXCESS |           | BASE   | EXCESS |           | BASE   | EXCESS |
| 3.0       | \$3.93 | \$2.26 | 4.0       | \$4.65 | \$2.98 | 5.0       | \$5.37 | \$3.70 |
| 3.05      | 3.966  | 2.296  | 4.05      | 4.686  | 3.016  | 5.05      | 5.406  | 3.736  |
| 3.1       | 4.002  | 2.332  | 4.1       | 4.722  | 3.052  | 5.1       | 5.442  | 3.772  |
| 3.15      | 4.038  | 2.368  | 4.15      | 4.758  | 3.088  | 5.15      | 5.478  | 3.808  |
| 3.2       | 4.074  | 2.404  | 4.2       | 4.794  | 3.124  | 5.2       | 5.514  | 3.844  |
| 3.25      | 4.11   | 2.44   | 4.25      | 4.83   | 3.16   | 5.25      | 5.55   | 3.88   |
| 3.3       | 4.146  | 2.476  | 4.3       | 4.866  | 3.196  | 5.3       | 5.586  | 3.916  |
| 3.35      | 4.182  | 2.512  | 4.35      | 4.902  | 3.232  | 5.35      | 5.622  | 3.952  |
| 3.4       | 4.218  | 2.548  | 4.4       | 4.938  | 3.268  | 5.4       | 5.658  | 3.988  |
| 3.45      | 4.254  | 2.584  | 4.45      | 4.974  | 3.304  | 5.45      | 5.694  | 4.024  |
| 3.5       | 4.29   | 2.62   | 4.5       | 5.01   | 3.34   | 5.5       | 5.73   | 4.06   |
| 3.55      | 4.326  | 2.656  | 4.55      | 5.046  | 3.376  | 5.55      | 5.766  | 4.096  |
| 3.6       | 4.362  | 2.692  | 4.6       | 5.082  | 3.412  | 5.6       | 5.802  | 4.132  |
| 3.65      | 4.398  | 2.728  | 4.65      | 5.118  | 3.448  | 5.65      | 5.838  | 4.168  |
| 3.7       | 4.434  | 2.764  | 4.7       | 5.154  | 3.484  | 5.7       | 5.874  | 4.204  |
| 3.75      | 4.47   | 2.80   | 4.75      | 5.19   | 3.52   | 5.75      | 5.91   | 4.24   |
| 3.8       | 4.506  | 2.836  | 4.8       | 5.226  | 3.556  | 5.8       | 5.946  | 4.276  |
| 3.85      | 4.542  | 2.872  | 4.85      | 5.262  | 3.592  | 5.85      | 5.982  | 4.312  |
| 3.9       | 4.578  | 2.908  | 4.9       | 5.298  | 3.628  | 5.9       | 6.018  | 4.348  |
| 3.95      | 4.614  | 2.944  | 4.95      | 5.334  | 3.664  | 5.95      | 6.054  | 4.384  |

## CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

| Date     | PRODUCER UNIFORM PRICES <sup>1/</sup> |        |        |         | HANDLER CLASS PRICES <sup>1/</sup> |         |          |         |
|----------|---------------------------------------|--------|--------|---------|------------------------------------|---------|----------|---------|
|          | Per Hundredweight                     |        |        |         | Class I                            |         | Class II |         |
|          | Uniform                               | Base   | Excess | Bf.Dif. | Cwt.                               | Bf.Dif. | Cwt.     | Bf.Dif. |
| June '62 | \$4.00 <sup>2/</sup>                  | \$4.16 | \$2.60 | 7.2¢    | \$4.535                            | 7.5¢    | \$2.665  | 6.7¢    |
| July     | 4.01 <sup>2/</sup>                    | 4.19   | 2.59   | 7.2     | 4.655                              | 7.5     | 2.655    | 6.7     |
| Aug.     | 4.05                                  | -      | -      | 7.2     | 4.60                               | 7.5     | 2.66     | 6.7     |
| Sept.    | 4.02                                  | -      | -      | 7.2     | 4.37                               | 7.5     | 3.06     | 6.7     |
| Oct.     | 4.03                                  | -      | -      | 7.2     | 4.39                               | 7.6     | 3.05     | 6.7     |
| Nov.     | 4.20                                  | -      | -      | 7.2     | 4.52                               | 7.5     | 3.09     | 6.7     |
| Dec.     | 4.20                                  | -      | -      | 7.2     | 4.65                               | 7.5     | 3.09     | 6.7     |
| Jan. '63 | 4.29                                  | -      | -      | 7.2     | 4.70                               | 7.5     | 3.09     | 6.7     |
| Feb.     | 4.24                                  | -      | -      | 7.2     | 4.63                               | 7.5     | 2.76     | 6.7     |
| Mar.     | 4.33 <sup>2/</sup>                    | 4.42   | 2.71   | 7.2     | 4.75                               | 7.5     | 2.75     | 6.7     |
| Apr.     | 4.23 <sup>2/</sup>                    | 4.41   | 2.66   | 7.2     | 4.82                               | 7.5     | 2.70     | 6.7     |
| May      | 4.21 <sup>2/</sup>                    | 4.34   | 2.62   | 7.2     | 4.79                               | 7.5     | 2.66     | 6.7     |
| June     | 4.17 <sup>2/</sup>                    | 4.29   | 2.62   | 7.2     | 4.82                               | 7.5     | 2.66     | 6.7     |
| July     | -                                     | -      | -      | -       | 4.83                               | 7.5     | -        | -       |

## PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

| Date     | CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5% |               | PRICE QUOTATIONS            |                      |                        | BASIC FORMULA Minn.-Wisc. Mfg.Grade Milk <sup>4/</sup> \$-cwt-3.5% |
|----------|-------------------------------------------|---------------|-----------------------------|----------------------|------------------------|--------------------------------------------------------------------|
|          | 4 Tenn. Milk Mfg.                         | Butter Powder | 4 Tenn. Milk Mfg. \$-cwt-4% | Chi.92° Butter ¢ Lb. | Chi.Area Powders ¢ Lb. |                                                                    |
|          | Milk Mfg.                                 | Powder        |                             |                      |                        |                                                                    |
| June '62 | 2.665                                     | 3.045         | 3.000                       | 57.94                | 13.33                  | -                                                                  |
| July     | 2.655                                     | 3.045         | 2.988                       | 57.96                | 13.37                  | 3.03                                                               |
| Aug.     | 2.66                                      | 3.05          | 3.000                       | 57.97                | 13.27                  | 3.04                                                               |
| Sept.    | 2.66                                      | 3.06          | 3.000                       | 58.28                | 13.40                  | 3.06                                                               |
| Oct.     | 2.66                                      | 3.05          | 3.000                       | 57.96                | 13.44                  | 3.07                                                               |
| Nov.     | 2.72                                      | 3.09          | 3.050                       | 57.99                | 13.76                  | 3.10                                                               |
| Dec.     | 2.75                                      | 3.09          | 3.081                       | 57.98                | 13.86                  | 3.11                                                               |
| Jan. '63 | 2.76                                      | 3.09          | 3.100                       | 57.97                | 13.92                  | 3.10                                                               |
| Feb.     | 2.76                                      | 3.08          | 3.100                       | 57.94                | 13.95                  | 3.10                                                               |
| Mar.     | 2.75                                      | 3.12          | 3.088                       | 57.97                | 14.07                  | 3.09                                                               |
| Apr.     | 2.70                                      | 3.09          | 3.031                       | 57.97                | 13.97                  | 3.08                                                               |
| May      | 2.66                                      | 3.09          | 3.000                       | 57.97                | 13.94                  | 3.07                                                               |
| June     | 2.66                                      | 3.12          | 3.000                       | 57.97                | 14.04                  | 3.08                                                               |

## SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

| Date     | HANDLER GROSS MILK <sup>3/</sup> |               |             | PRODUCER DATA <sup>3/</sup> |                |               |           | Deliveries Per Farm---- |      |      | Prod. Milk Test% |
|----------|----------------------------------|---------------|-------------|-----------------------------|----------------|---------------|-----------|-------------------------|------|------|------------------|
|          | No. Hdlrs.                       | Total Receipt | Class I Use | Class I Use                 | Total Delivery | Base Delivery | No. Prod. | Prod.                   | Base | Exc. |                  |
|          |                                  |               |             |                             |                |               |           |                         |      |      |                  |
| June '62 | 14                               | 510,155       | 353,585     | 349,410                     | 486,065        | 437,132       | 678       | 717                     | 645  | 72   | 4.08             |
| July     | 14                               | 506,519       | 338,196     | 334,149                     | 480,832        | 425,757       | 677       | 710                     | 629  | 81   | 4.05             |
| Aug.     | 14                               | 521,314       | 361,566     | 357,051                     | 496,326        | -             | 677       | 733                     | -    | -    | 4.04             |
| Sept.    | 14                               | 528,521       | 385,941     | 381,658                     | 508,196        | -             | 673       | 755                     | -    | -    | 4.09             |
| Oct.     | 14                               | 542,005       | 398,123     | 393,583                     | 525,753        | -             | 673       | 781                     | -    | -    | 4.29             |
| Nov.     | 14                               | 515,320       | 408,567     | 403,451                     | 500,139        | -             | 672       | 744                     | -    | -    | 4.41             |
| Dec.     | 14                               | 513,390       | 372,053     | 367,468                     | 496,731        | -             | 668       | 744                     | -    | -    | 4.41             |
| Jan. '63 | 15                               | 508,261       | 389,638     | 383,143                     | 493,018        | -             | 666       | 740                     | -    | -    | 4.36             |
| Feb.     | 15                               | 543,770       | 407,032     | 400,638                     | 497,455        | -             | 694       | 717                     | -    | -    | 4.32             |
| Mar.     | 16                               | 522,751       | 399,493     | 385,841                     | 481,462        | 457,343       | 661       | 728                     | 692  | 36   | 4.17             |
| Apr.     | 16                               | 638,439       | 435,455     | 429,486                     | 581,762        | 523,349       | 706       | 824                     | 741  | 83   | 4.02             |
| May      | 16                               | 608,217       | 424,730     | 418,446                     | 561,115        | 517,411       | 701       | 800                     | 738  | 62   | 4.01             |
| June     | 16                               | 587,215       | 386,749     | 380,119                     | 536,089        | 494,678       | 700       | 766                     | 707  | 59   | 3.99             |

<sup>1/</sup> Excludes Premiums<sup>2/</sup> For Statistics<sup>3/</sup> Other Source is Gross minus Producer; Class II is Receipts minus Class I<sup>4/</sup> Effective with Order Amendment August 1962